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China - Peoples Republic of

Livestock and Products

Semi-Annual

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Report Highlights:

This report contains OAA/Beijing’s estimates for 2013 and also includes revisions for 2012. OAA/Beijing’s 2013 forecast for China’s production, supply, and demand for cattle and beef is virtually unchanged. Beef production is expected to slightly increase to 5.59 million tons. Imports will likely reach record levels as foreign products are becoming price-competitive to domestic products. OAA/Beijing’s 2013 forecast for China’s pig production will increase by four percent to 710 million head. In late 2012, trade sources noted that there were no major disease outbreaks or losses in key producing provinces during the winter season. As a result, OAA/Beijing’s 2013 forecasts for China’s pork production, exports, and imports are trending upward.

Commodities:

Meat, Beef and Veal

Meat, Swine

Cattle and Beef

Cattle PS&D table

Animal Numbers, Cattle China	2011		2012		2013		
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Total Cattle Beg. Stks	104,822	104,822	104,346	104,346	104,152	104,203	(1000 HEAD)
Dairy Cows Beg. Stocks	12,960	12,960	13,350	13,540	13,900	14,350	(1000 HEAD)
Beef Cows Beg. Stocks	46,480	46,480	46,200	46,200	46,250	46,250	(1000 HEAD)
Production (Calf Crop)	40,900	40,900	40,950	40,950	41,365	41,550	(1000 HEAD)
Total Imports	103	103	115	115	120	120	(1000 HEAD)
Total Supply	145,825	145,825	145,411	145,411	145,637	145,873	(1000 HEAD)
Total Exports	29	29	29	28	29	27	(1000 HEAD)
Cow Slaughter	0	0	0	0	0	0	(1000 HEAD)
Calf Slaughter	0	0	0	0	0	0	(1000 HEAD)
Other Slaughter	40,850	40,850	40,680	40,680	40,900	41,190	(1000 HEAD)
Total Slaughter	40,850	40,850	40,680	40,680	40,900	41,190	(1000 HEAD)
Loss	600	600	550	500	470	470	(1000 HEAD)
Ending Inventories	104,346	104,346	104,152	104,203	104,238	104,186	(1000 HEAD)
Total Distribution	145,825	145,825	145,411	145,411	145,637	145,873	(1000 HEAD)
CY Imp. from U.S.	0	0	0	0	0	0	(1000 HEAD)
CY. Exp. to U.S.	0	0	0	0	0	0	(1000 HEAD)
Balance	0	0	0	0	0	0	(1000 HEAD)
Inventory Balance	-476	-476	-194	-143	86	-17	(1000 HEAD)
Inventory Change	-1	-1	0	0	0	0	(PERCENT)
Cow Change	0	0	0	0	1	0	(PERCENT)
Production Change	-1	-1	0	0	1	1	(PERCENT)
Production to Cows	69	69	69	69	69	69	(PERCENT)
Slaughter to Inventory	39	39	39	39	39	40	(PERCENT)
Slaughter to Total Supply	28	28	28	28	28	28	(PERCENT)
TS=TD		0		0		0	

"New Post" estimates are not official USDA data. USDA data is located at http://www.fas.usda.gov/psdonlineonline

Production:

OAA/Beijing's 2013 forecast for China's calf crop production is revised upward by one percent to 41.5 million head reflecting China's revised data raising dairy cow beginning stocks by three percent to nearly 14.4 million head.

Imports:

OAA/Beijing's import forecast of 120,000 tons remains unchanged. OAA/Beijing will continue to monitor trade impacts of China's new pedigree requirements for breeding cows implemented on January

1, 2013. For more information on China's new pedigree requirements, please review the Livestock Annual Report at:

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Livestock%20and%20Products%20Annual_Beijing_China%20-%20Peoples%20Republic%20of_9-23-2012.pdf

Beef and Veal PS&D table

Meat, Beef and Veal China	2011		2012		2013		
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Slaughter (Reference)	40,850	40,850	40,680	40,680	40,900	41,190	(1000 HEAD)
Beginning Stocks	0	0	0	0	0	0	(1000 MT CWE)
Production	5,550	5,550	5,540	5,540	5,580	5,590	(1000 MT CWE)
Total Imports	28	28	30	99	34	90	(1000 MT CWE)
Total Supply	5,578	5,578	5,570	5,639	5,614	5,680	(1000 MT CWE)
Total Exports	55	55	46	42	43	40	(1000 MT CWE)
Human Dom. Consumption	5,523	5,523	5,524	5,597	5,571	5,640	(1000 MT CWE)
Other Use, Losses	0	0	0	0	0	0	(1000 MT CWE)
Total Dom. Consumption	5,523	5,523	5,524	5,597	5,571	5,640	(1000 MT CWE)
Ending Stocks	0	0	0	0	0	0	(1000 MT CWE)
Total Distribution	5,578	5,578	5,570	5,639	5,614	5,680	(1000 MT CWE)
CY Imp. from U.S.	0	0	0	0	0	0	(1000 MT CWE)
CY. Exp. to U.S.	0	0	0	0	0	0	(1000 MT CWE)
Balance	0	0	0	0	0	0	(1000 MT CWE)
Inventory Balance	0	0	0	0	0	0	(1000 MT CWE)
Weights	136	136	136	136	136	136	(1000 MT CWE)
Production Change	-1	-1	0	0	1	1	(PERCENT)
Import Change	-30	-30	7	254	13	-9	(PERCENT)
Export Change	8	8	-16	-24	-7	-5	(PERCENT)
Consumption Change	-1	-1	0	1	1	1	(PERCENT)
Imports Percent Consumption	1	1	1	2	1	2	(PERCENT)
Exports Percent Production	1	1	1	1	1	1	(PERCENT)
Population	1,336,718,015	1,336,718,015	1,343,239,923	1,343,239,923	1,349,585,838	1,349,585,838	(PEOPLE)
Per Capita Consumption	4		4		4		(KG)
TS=TD		0		0		0	

"New Post" estimates are not official USDA data. USDA data is located at http://www.fas.usda.gov/psdonlineonline

Production

OAA/Beijing's 2013 forecast for China's beef production is virtually unchanged at 5.59 million tons, carcass weight equivalence (CWE). This increase of less than one percent is based on improved feed nutrition.

Policy

In October 2012, China's Ministry of Taxation and State Administration of Taxation removed the value-added tax (VAT) of 13 percent for fresh, chilled and frozen meat products and 17 percent for processed meats. This policy reduces distribution costs for both imported and domestic meat products.

Consumption

China’s consumption is also slightly revised to 5.64 million tons (CWE), up nearly one percent from the initial forecast of 5.57 million tons (CWE). The majority of consumers, who can afford it, prefer to eat high-quality beef (both domestic and imported) at high-end hotels or restaurants. However, the demand for high-quality fresh beef for home preparation is showing growth potential.

Imports

OAA/Beijing’s 2013 forecast for China’s beef imports is revised to 90,000 tons (CWE), a significant increase of 56,000 tons, largely due to China’s record import level of 99,000 tons (CWE) in 2012. The 2013 forecast is lower than the previous year because China suspended Brazilian imports in December 2012 due to Brazil’s confirmed outbreak of Bovine Spongiform Encephalopathy (BSE).

In 2012, China’s beef imports reached a record high because of the following reasons:

- When China tightened its monitoring and enforcement practices in receiving re-exports at the ports, key suppliers sent more direct shipments to China; and
- As China’s currency strengthened against the U.S. dollar, imported beef products became price-competitive to domestic beef. The average import price in 2012 was nearly $4,150 per ton compared to the average domestic price of $7,188.

Exports

OAA/Beijing revised its 2013 forecast for China’s beef exports to 40,000 tons (CWE), a decrease of 3,000 tons (CWE) from the initial forecast. Recent developments in Hong Kong and Japan, China’s top export markets, contributed to this downward revision:

- China’s exports face high domestic beef prices and strengthening currency (value) against U.S. and Hong Kong currencies;
- Despite the recent BSE outbreak, Hong Kong has no import restrictions on Brazilian beef products. With adequate beef supplies in Hong Kong, Brazil will continue to compete with China on prices; and
- China will also face competition in Japan from the United States. In February 2013, Japan granted market access to U.S. beef from cattle less than 30 months of age. The previous age limit was less than 21 months of age. This change is expected to increase total US beef exports to Japan.

OAA/Beijing revised its 2012 estimate for China’s beef exports to 42,000 tons (CWE) from 46,000 tons (CWE), due to adequate supplies reported in Hong Kong.

Beef farm gate price table

China National Retail Beef Prices on Average, 2008-2012 (Year-to-Date)						
(RMB/KG, $1=RMB6.28)						
	2008	2009	2010	2011	2012	% Change 2012/11
January	29.11	33.90	34.08	35.72	41.38	15.85
February	31.40	33.72	34.54	36.41	42.03	15.44
March	31.42	33.13	33.86	35.78	42.00	17.38
April	31.55	32.81	33.45	35.59	42.26	18.74
May	31.73	32.60	33.24	35.63	42.79	20.10
June	31.82	32.53	33.16	36.19	43.68	20.70
July	31.92	32.46	33.30	36.91	44.34	20.13
August	32.02	32.70	33.55	37.55	45.34	20.75
September	32.39	32.96	33.89	38.29	46.87	22.41
October	32.74	33.15	34.17	38.78	48.50	25.06
November	32.98	33.35	34.65	39.15	50.23	28.30
December	33.25	33.73	35.07	39.78	52.29	31.45
Source: The Ministry of Agriculture collecting from over 400 markets of farm produce.						

Swine and Pork

Swine PS&D Table

Animal Numbers, Swine China	2011		2012		2013		
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Total Beginning Stocks	477,115	477,115	473,340	473,340	466,645	474,920	(1000 HEAD)
Sow Beginning Stocks	47,500	47,500	49,280	49,280	49,250	50,500	(1000 HEAD)
Production (Pig Crop)	660,622	660,622	684,000	697,800	690,000	710,558	(1000 HEAD)
Total Imports	15	15	20	20	22	22	(1000 HEAD)
Total Supply	1,137,752	1,137,752	1,157,360	1,171,160	1,156,667	1,185,500	(1000 HEAD)
Total Exports	1,563	1,563	1,615	1,640	1,610	1,700	(1000 HEAD)
Sow Slaughter	0	0	0	0	0	0	(1000 HEAD)
Other Slaughter	661,849	661,849	688,100	694,000	688,300	707,200	(1000 HEAD)
Total Slaughter	661,849	661,849	688,100	694,000	688,300	707,200	(1000 HEAD)
Loss	1,000	1,000	1,000	600	800	600	(1000 HEAD)
Ending Inventories	473,340	473,340	466,645	474,920	465,957	476,000	(1000 HEAD)
Total Distribution	1,137,752	1,137,752	1,157,360	1,171,160	1,156,667	1,185,500	(1000 HEAD)
CY Imp. from U.S.	8	8	0	12	0	15	(1000 HEAD)
CY. Exp. to U.S.	0	0	0	0	0	0	(1000 HEAD)
Balance	0	0	0	0	0	0	(1000 HEAD)
Inventory Balance	-3775	-3775	-6695	1580	-688	1080	(1000 HEAD)
Inventory Change	2	2	-1	-1	-1	0	(PERCENT)
Sow Change	-3	-3	4	4	0	2	(PERCENT)
Production Change	-3	-3	4	6	1	2	(PERCENT)
Production to Sows	14	13.9	14	14	14	14.1	(PERCENT)
Slaughter to Inventory	139	139	145	147	147	149	(PERCENT)
Slaughter to Total Supply	58	58	59	59	60	60	(PERCENT)
TS=TD		0		0		0	

"New Post" estimates are not official USDA data. USDA data is located at http://www.fas.usda.gov/psdonlineonline

Production:

OAA/Beijing's 2013 forecast for China's pig production increased by nearly three percent to 710 million head. This revision is due to higher-than-expected sow and piglet inventory. Swine producers are adopting better practices to prevent and manage disease which limited losses during the peak winter season. The herd increase is also attributed to the Chinese government's decision to subsidize sow production at RMB100 ($15.90) per animal through June 2013. Sources note that the sow ratio to total swine inventory soared over 10 percent in 2012 and is expected to reach 11 percent in 2013. Normally, this ratio is between 8-9 percent.

Note: OAA/Beijing raised its 2012 estimate for China's pig crop production by two percent to 698 million head based on the developments discussed above.

Exports:

With higher domestic production, OAA/Beijing estimates that China has additional exportable supplies for Hong Kong and Macao.

Pork PS&D Table

Meat, Swine China	2011		2012		2013		
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Slaughter (Reference)	661,849	661,849	688,100	688,300	688,300	704,500	00 HEAD)
Beginning Stocks	170	170	180	180	200	300	0 MT CWE)
Production	49,500	49,500	51,400	52,350	52,000	53,800	0 MT CWE)
Total Imports	758	758	775	730	815	730	0 MT CWE)
Total Supply	50,428	50,428	52,355	53,260	53,015	54,830	0 MT CWE)
Total Exports	244	244	215	235	200	250	0 MT CWE)
Human Dom. Consumption	50,004	50,004	51,940	52,725	52,615	54,300	0 MT CWE)
Other Use, Losses	0	0	0	0	0	0	0 MT CWE)
Total Dom. Consumption	50,004	50,004	51,940	52,725	52,615	54,300	0 MT CWE)
Ending Stocks	180	180	200	300	200	280	0 MT CWE)
Total Distribution	50,428	50,428	52,355	53,260	53,015	54,830	0 MT CWE)
CY Imp. from U.S.	0	486	0	441	0	460	0 MT CWE)
CY. Exp. to U.S.	0	0	0	0	0	0	0 MT CWE)
Balance	0	0	0	0	0	0	0 MT CWE)
Inventory Balance	10	10	20	120	0	-20	0 MT CWE)
Weights	75	75	75	76	76	76	0 MT CWE)
Production Change	-3	-3	4	6	1	3	RCENT)
Import Change	83	83	2	-4	5	0	RCENT)
Export Change	-12	-12	-12	-4	-7	6	RCENT)
Consumption Change	-2	-2	4	5	1	3	RCENT)
Imports Percent Consumption	2	2	1	1	2	1	RCENT)
Exports Percent Production	0	0	0	0	0	0	RCENT)
Population	1,336,718,015	1,336,718,015	1,343,239,923	1,343,239,923	1,349,585,838	1,349,585,838	EOPLE)
Per Capita Consumption	37		39		39		(KG)
TS=TD		0		0		0	
Comments							
AGR Number							
Comments To Post							

"New Post" estimates are not official USDA data. USDA data is located at http://www.fas.usda.gov/psdonlineonline

Production:

OAA/Beijing raised its 2013 forecast for China's pork production by nearly four percent to 54.1 million tons (CWE) because of more swine supplies for slaughter and improved feed nutrition.

Consumption:

OAA/Beijing's 2013 forecast for China's pork consumption is increased by three percent to 54.4 million tons (CWE). Growth in urbanization and increased disposable incomes will continue to boost pork consumption.

Imports

OAA/Beijing revised its 2013 forecast for China's pork imports to 730,000 tons, a 10 percent decline from the initial estimate of 815,000 tons. Higher domestic production and beginning stocks will likely dampen import demand. The United States is expected to be China's primary supplier of imported pork products. Last year, the United States exported $890 million of pork and pork products to China (including direct shipments to China and official re-exports from Hong Kong) and held 52 percent of China's market share. U.S. exports face a new import requirement in 2013. On February 19, 2013, China's General Administration for Quality Supervision, Inspection, and Quarantine (AQSIQ) published a Notice Concerning the Request for Ractopamine Testing Reports for Pork Imports from the U.S. (Risk Warning Notice 2013, No 1). As of March 1, 2013, all pork shipments from the United States must be accompanied by lab results proving the product is free of ractopamine.

In September 2012, Mexico completed its pork export market access with China. The value of Mexican shipments for 2013 is estimated at $35 million.

Exports

OAA/Beijing revised its 2013 forecast for China's pork exports to 250,000 tons, an increase of 50,000 tons from the initial forecast, largely due to stronger demand in Hong Kong.

Policy for Processed Meats

Despite the long history of market access for U.S. processed meat products to China, China's General Administration for Quality Supervision, Inspection, and Quarantine (AQSIQ) halted trade for U.S. processed meat products in November 2012. Several U.S. government agencies are working together to resolve this issue.

Pork, Swine, Piglet, and Feed Price Tables

China Retail Pork Prices On Average, 2008-2012					
(RMB/KG, $1=RMB6.28)					
MONTH	2008	2009	2010	2011	2012	% Change 2012/11
January	25.53	21.25	19.31	22.17	27.83	25.53
February	26.08	20.62	18.67	22.97	27.36	19.11
March	25.56	19.30	17.32	23.09	25.79	11.69
April	25.68	17.60	16.21	23.39	24.36	4.15
May	24.71	15.68	16.09	23.97	23.31	-2.75
June	24.10	15.46	16.04	26.71	22.78	-14.71
July	23.58	16.27	17.54	29.31	22.61	-22.86
August	23.18	17.94	19.30	29.88	22.94	-23.23
September	22.59	18.97	20.11	30.35	23.80	-21.58
October	20.86	18.71	20.42	29.78	23.92	-19.68
November	19.46	18.47	21.33	27.94	23.76	-14.96
December	20.34	19.11	21.94	27.17	24.82	-8.65
Source: The Ministry of Agriculture collecting from over 400 markets of farm produce.						

China Retail Live Hog Prices On Average, 2008-2012						
(RMB/KG, $1=RMB6.28)						
MONTH	2008	2009	2010	2011	2012	% Change 2012/11
January	16.50	13.41	12.05	13.88	17.65	27.16
February	16.70	12.70	11.14	14.35	17.10	19.16
March	16.83	11.63	10.06	14.78	15.83	7.10
April	16.87	10.35	9.53	15.05	14.80	-1.66

May	15.77	9.24	9.62	15.53	14.25	-8.24
June	15.35	9.33	9.64	17.54	14.05	-19.90
July	14.82	10.13	11.14	18.98	14.00	-26.24
August	14.47	11.38	12.19	19.33	14.28	-26.13
September	13.86	11.85	12.55	19.68	14.89	-24.34
October	12.50	11.47	12.78	18.93	14.85	-21.55
November	11.90	11.40	13.55	17.35	14.83	-14.52
December	12.91	12.09	13.79	17.15	15.83	-7.70
Source: The Ministry of Agriculture collecting from over 400 markets of farm produce.						

China Retail Piglet Prices On Average, 2008-2012						
(RMB/KG, $1=RMB6.28)						
MONTH	2008	2009	2010	2011	2012	% Change 2012/11
January	29.66	20.06	17.41	18.65	30.21	61.98
February	30.62	20.11	16.60	19.46	31.50	61.87
March	35.29	19.75	15.61	22.81	32.66	43.18
April	38.23	18.27	14.74	24.99	32.24	29.01
May	36.11	15.41	14.77	26.71	31.56	18.16
June	34.55	15.08	14.39	31.11	30.55	-1.80
July	33.01	15.88	15.77	35.26	29.69	-15.80
August	30.94	17.74	17.61	36.28	28.74	-20.78
September	28.55	18.78	18.24	37.15	28.82	-22.42
October	23.44	18.14	18.21	35.84	27.72	-22.66
November	20.02	17.39	18.55	31.40	25.86	-17.64
December	19.42	17.55	18.64	29.43	26.06	-11.45
Source: The Ministry of Agriculture collecting from over 400 markets of farm produce						

China Average Retail Industry Feed Prices for Swine 2008-2012 (Year-to-Date)						
(RMB/KG, $1=RMB6.3)						
MONTH	2008	2009	2010	2011	2012	% Change 2012/11
January	2.51	2.50	2.69	2.82	3.03	7.45
February	2.55	2.48	2.68	2.83	3.03	7.07
March	2.55	2.46	2.68	2.86	3.05	6.64
April	2.60	2.46	2.69	2.88	3.08	6.94
May	2.60	2.45	2.72	2.88	3.10	7.64
June	2.65	2.48	2.73	2.91	3.15	8.25
July	2.73	2.53	2.73	2.96	3.15	6.42
August	2.73	2.57	2.75	3.00	3.23	7.67
September	2.71	2.62	2.76	3.04	3.29	8.22
October	2.71	2.62	2.77	3.05	3.28	7.54
November	2.57	2.64	2.80	3.03	3.24	6.93
December	2.50	2.68	2.81	3.02		
Source: The Ministry of Agriculture collecting from over 400 markets of farm produce						

(End of report)